

INFORMATION AND KNOWLEDGE BASE

INTRODUCTION

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Accept life as it is. Then work to make it the way you want it to be. Cindy Francis

- Chapter 1 -

INTRODUCTION

1.1 Purpose and Value of using the Information and Knowledge Base (I&K Base)

This *Information and Knowledge Base* is for the benefit of members of the Association for Senior Communities (ASC), their governing bodies, managements, and residents.

1.2 Social Responsibility of the Association for Senior Communities (ASC)

The ASC, as a non-profit governing body and in line with other organizations, is committed to find and maintain a balance between, firstly, the economic interests of members, and secondly, the welfare and the ecological environment objective. The ASC will find an equilibrium between the two principles to ensure that society in general benefits from its activities. The ASC commits to an active involvement in the following areas:

- Promoting high standards of care for the elderly who find themselves in retirement facilities across South Africa and across social position, colour of skin and any other inequalities.
- Lobbying for and developing fair and practical laws and guidelines for the protection of the aged and ensuring good services to the aged in any type of facility.
- Helping, within the ASC's means, with the upgrade of selected facilities in less affluent areas as far as their management capabilities are concerned.
- Promoting amongst its members strict adherence to all environmental acts and encouraging members to contribute positively to a sustainable environment.

1.3 Lobbying with Key Players in the Industry

Government, government institutions and private governing bodies will be lobbied, and alliances established with key players in the industry to ensure that the aged are looked after in the best possible way. This will be done by:

- Identifying the major issues affecting the aged.
- Identifying the role players that influence and can be influenced.
- Establishing a task group that will assist with contacting and setting up discussion forums with the role players and finding common ground on issues of concern.

1.4 Affiliations with other Organizations

The ASC will prevent any duplication of work being done by other governing bodies in areas which are important to us. We will cooperate and establish workable relationships between the ASC and these governing bodies so that both parties can continuously deliver to their members a product of the highest possible standard and as effectively as possible. The following governing bodies are, amongst others, of importance:

- Association of Residential Communities – ARC
- Community Association International SA - CAISA
- National Association of Managing Agents - NAMA
- Community Association Institute of South Africa - CAISA
- South African Association of Homes for the Aged - SAAHA
- South African Gerontology Association - SAGA
- SA Local Government Association - SALGA
- SA Human Rights Commission - SAHRC
- Institute of Directors - IOD
- Regional Retirement Housing Association – Southern Cape
- South African Older Persons’ Forum - SAOPF
- Northwest University – NWU
- University of Cape Town – UCT (Institute on Aging)
- Grey Power

1.5 Latest Trends and Developments in the Industry

Despite the uncertain economic situation in South Africa, the retirement industry is still expanding. One of the biggest concerns for people approaching retirement is whether they will be able to outlive their assets. People are living longer than ever before, and it is therefore important for people to plan for life potentially long past the average retirement age. Life expectancy amongst middle class people is now 79 years for men and 83 for women, and this is increasing yearly. By 2050 12% of our population will be over 60. Persons living on average up to thirteen years in a facility in 1986 increased to close to 27 years currently. The demand for retirement housing is therefore set to intensify further. Retirement facilities will be a preferred choice for many and the growing black middle-class demand must also not be under-estimated.

The retirement industry does, however, need to up their game when it comes to the accommodation and services provided to residents and potential residents. The new generation of retirees will not be impressed with dull colour schemes, tasteless food at the canteen and below-average services. Residents need good internet facilities, fibre connections, telemedicine,

high-tech security, good TV reception and all other modern facilities and services. Other matters that will guarantee “care with dignity” for the residents will become more important. The modern retiree wants detailed billing, flexible services, a single point of interaction for these services, cashless transactions, rules that facilitate their lifestyle and not to be treated like children. The silent generation resident is slowly coming to an end as the baby boomers are taking their place. In turn, they are being advised by their adult children called Generation X.

The reasons for the elderly to relocate to retirement facilities include social contact and activities, personal care, and services, not wanting to maintain a house, lifestyle change and security. The retirement facility will do well to address these issues in their planning for the future. Retirees will be focusing on wellness, remaining in the labour market longer, home care instead of frail care will be preferred, and memory (dementia) care will be in demand. Things like green-living, lock-up-and-go and maybe choosing for the rental option to increase mobility is also on the list of changes that can be expected. Equality, privacy, full disclosure of information, fair and responsible marketing, quality of life and safety are non-negotiable subjects that need to be addressed by the retirement facilities. This is also because the elderly is more and more becoming aware of the rights bestowed on them by *South Africa’s Constitution*, the *Retirement Housing Act*, the *Older Persons Act*, *Protection of Personal Information Act*, and some property related Acts. It must be mentioned that in many cases retirement facilities are seen as places for “old people” and not viewed as being a friendly place to visit. This needs to be changed for the better of both the community and the residents.

The industry must be open-minded as far as the future of old age homes, nursing homes and the running of unsustainable frail care units are concerned. Alternatives will have to be investigated and some very tough decisions will have to be made in repositioning these facilities and even demolishing them for new ideas.

The sustainability of new and existing facilities for now and the future is one of the most important issues to be addressed by the governing body. This will include looking at ways to reduce cost, the size of the facility and frail care units to share cost between members, as well as the size of the frail care unit. One will have to set competitive and affordable rates and fees for the facility after having pitched the organization in a specific market segment. One will then have to re-engineer a structure that can get to the set targets. This is a ten-to-twenty-year approach but must unfortunately be done otherwise the governing body might be caught with its pants down in a changed environment.

There is a significant shift away from traditional frail care to community-based care, like wellness programs, primary health, and home-based care. More alarming is that 33% of frail

care beds in South Africa are currently standing empty. Main reasons for this shift are:

- Excessive cost of frail care
- Newer generations of retirees prefer to remain in their homes and be cared for there and use wellness and primary health services.
- Stronger demand for memory- (dementia), cancer-, palliative care and rehabilitation due to longer lifespans. Some facilities specifically cater for these market demands.

The entry age of facilities is shifting towards allowing younger persons (above 50 years) as residents. The reason is to bring younger leaders on board and to lessen the financial health care challenges with higher age persons. Growing number of facilities no longer accept persons above the age of seventy and even seventy-five on waiting lists.

The benevolent approach (gobbling up of the funds) of the past is making way for a more businesslike management style for facilities and health care. Also, currently residents who have a personal stake are given *carte blanche* to make decisions that mostly suit their own pockets. An increasing number of retirement facilities are moving towards adopting a much more professional management style.

The pressure on residents to keep frail care facilities open and affordable is resulting in some closing their frail care centers and converting rooms into assisted living units and keeping only a small number of sick bay beds available.

1.6 Types of Retirement Facilities in South Africa

Retirement facilities are part of the bigger residential community industry such as homeowner associations, sectional title schemes and others. Residential communities, known as “gated communities”, are not controlled by anybody but are an industry on their own governed by certain obligations. There are over 6 500 residential communities in South Africa and more than 5 million people live in these residential communities. Billions of Rands in levies are collected annually and residential communities represent 30% of the total residential property value in South Africa.

It is important that residents show a continuous interest in the management of their governing body and not only get involved when things go wrong or when additional levies are introduced.

Governing bodies of retirement facilities are predominantly volunteer members of the governing body voted for by their members. Management is in the hands of managers with the necessary skills and experience to manage the governing body professionally. The industry has associated bodies in place that support the retirement industry.

The retirement facility can be housed in the following legal structures or a combination thereof:

1.6.1 Homeowners' Associations (HOA)

The HOA is characterised by:

- Privately owned property with full title rights organised in a community with its own infrastructure that is maintained by its members.
- Accommodated in a non-profit company called a HOA who sets rules and regulations for owners to adhere to.
- The *Companies Act* applies, and members of the governing body are appointed to manage the company.
- The properties are contained within secured walls and fences.
- Membership is automatically obtained when a property is purchased.
- Construction and improvements of houses take place within architecturally agreed on guidelines called aesthetic rules.
- Owners take responsibility for the upkeep, maintenance, and insurance of their own properties.
- The HOA maintains, upkeeps, and improves the communal areas.
- Funds to maintain infrastructure and services are paid for by members by way of levies.
- Strict resident conduct rules are in place.
- A share block schemes is also classified as HOA.

1.6.2 Body Corporate (BC)

The BC is characterised by:

- Sectional title rights organised as a community with its own infrastructure that is maintained by its members.
- The properties are contained within secured walls and fences.
- Provides for intimate and harmonious living which brings additional challenges.
- The sectional title ownership and the management are regulated by the *Sectional Titles Schemes Management Act* (STSMA) (management matters) and the *Sectional Titles Act* (STA) (property measurements and registrations). The STSMA also incorporates prescribed conduct rules, but these can be replaced by a properly registered set of conduct rules.
- Members of the governing body are appointed to manage the scheme.
- The BC maintains, upkeeps, and improves all buildings and areas.
- Funds to maintain infrastructure and services are paid for by members by way of levies.
- Strict conduct and management rules are in place.

- Sectional title ownership only gives ownership to the inside of the property. In everything external of the property (called the communal property) owners have an undivided share and are the responsibility of a BC.
- Exclusive use can be granted of communal property, but ownership, control and maintenance remain that of the BC. In some cases, responsibility to maintain the exclusive areas are transferred to the owner as well.
- Owners cannot extend their property by using communal property unless this is approved by a general meeting (AGM or Special).
- The levies obligation and voting rights are allocated on the participant quota (PQ) principle. The PQ is calculated on the square metres of the owner as a percentage of the total square metres of all the units combined.
- Ownership of the unit is limited to the rights under the scheme. It is important that all owners exercise their rights in a manner that does not impact on other residents' rights.

1.6.3 Management Association (MA)

The MA is independent from the owner of the property and is a legal entity on its own and is responsible for:

- The management, control, and administration of the scheme.
- A managing agent may be appointed to perform these duties.
- The insurance of the buildings is at market value.
- Payment of all rates and taxes.
- Initiating capital projects with the cooperation of the owner.
- Good cooperation with the owner of the properties to the benefit of residents.